

**STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING  
Whether there has been a violation  
of the Franchise Investment Protection Act by:

Joe Wells Enterprises, Inc. dba Max Muscle, its  
agents and employees,

Respondents.

ORDER NUMBER: S-04-098-04-CO01

CONSENT ORDER

**INTRODUCTION**

Pursuant to the Franchise Investment Protection Act of Washington, the Securities Division, Department of Financial Institutions and Joe Wells Enterprises, Inc. dba Max Muscle do hereby agree to this Consent Order in settlement of the above captioned matter. Respondent neither admits nor denies the Findings of Fact or Conclusions of Law as set forth below.

**FINDINGS OF FACT**

**I. Respondents**

1. Joe Wells Enterprises, Inc. dba Max Muscle was a California corporation located in Anaheim, California at all times relevant to this order.

## **II. Nature of the Offering**

2. Joe Wells Enterprises, Inc. dba Max Muscle is a manufacturer and distributor of sports nutrition supplements and workout apparel.

3. From approximately 1999 to 2000, Joe Wells Enterprises, Inc. dba Max Muscle offered and entered into at least three distributorship and licensing agreements with Washington residents for the operation of Max Muscle retail operations in the state.

4. Joe Wells Enterprises, Inc. dba Max Muscle offered the Washington residents a distributorship for an initial fee of \$5,000. Distributors were also required to pay a \$10,000 non-refundable administration fee. Distributors were required to purchase a minimum of \$7,500 in products per month to maintain an exclusive territory. Distributors received a limited license to use the trade name Max Muscle and the right to distribute Max Muscle branded workout apparel and sports nutrition products. Joe Wells Enterprises, Inc. dba Max Muscle provided distributors with methods and techniques to advise customers on the use of its products; provided sales leads; provided sales literature; provided publications pertaining to its products; provided on-site training and reserved the right to set lower suggested retail pricing and reduce profit margins.

5. Joe Wells Enterprises, Inc. dba Max Muscle failed to provide the Washington residents with a Uniform Franchise Offering Circular with material information regarding the distributorship, including, but not limited to financial statements of the company.

## **III. Registration Status**

6. Joe Wells Enterprises, Inc. dba Max Muscle was not registered to offer and/or sell franchises in the state of Washington at all times relevant to the matters alleged herein.

Based upon the above Findings of Fact, the following Conclusions of Law are made:

## CONCLUSIONS OF LAW

### I. Franchise

1. The offer and/or sale of the Joe Wells Enterprises, Inc. dba Max Muscle distributorships described in the Findings of Fact above constitutes the offer and/or sale of a franchise as defined in RCW 19.100.010(4) and (15) and (16).

### II. Violation of RCW 19.100.020

2. The offer and/or sale of the franchises are in violation of RCW 19.100.020 because no registration for such offers and/or sales is on file with the Securities Administrator of the State of Washington.

### III. Violation of RCW 19.100.080

3. The offer and/or sale of said franchises is in violation of RCW 19.100.080 because Joe Wells Enterprises, Inc. dba Max Muscle failed to provide purchasers with material information regarding the distributorships, including, but not limited to, a failure to provide the purchasers with material financial information such as current financial statements.

## CONSENT ORDER

Based upon the foregoing:

IT IS THEREFORE AGREED AND ORDERED that Joe Wells Enterprises, Inc. dba Max Muscle shall cease and desist from the offer and sale of unregistered franchises in the State of Washington in violation of RCW 19.100.020.

IT IS FURTHER AGREED AND ORDERED that Joe Wells Enterprises, Inc. dba Max Muscle shall cease and desist from the offer and sale of franchises in the State of Washington in violation of RCW 19.100.080.

IT IS FURTHER AGREED AND ORDERED that Joe Wells Enterprises, Inc. dba Max Muscle shall provide each of its Washington licensees a copy of this order with approved cover letter and a current Uniform Franchise Offering Circular within 30 days of the entry of this order.

IT IS FURTHER AGREED that Joe Wells Enterprises, Inc. dba Max Muscle shall be liable for and shall pay the Securities Division five hundred dollars (\$500) for its costs incurred in its investigation of this matter.

IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this Order.

In consideration of the foregoing, Joe Wells Enterprises, Inc. dba Max Muscle waives its right to a hearing in this matter and to judicial review of this Order.

SIGNED this 29th day of May, 2004.

Signed by: \_\_\_\_\_/s/\_\_\_\_\_

Print Name \_\_\_\_\_/s/\_\_\_\_\_  
For Joe Wells Enterprises, Inc. dba Max Muscle

\_\_\_\_\_  
**THIS ORDER ENTERED THIS 9<sup>th</sup> DAY OF JUNE, 2004 BY:**

  
MICHAEL E. STEVENSON  
Securities Administrator

Approved by:

*Martin Cordell*  
\_\_\_\_\_  
MARTIN CORDELL  
Chief of Enforcement

Presented by:

*Martin Cordell*  
\_\_\_\_\_  
MARTIN CORDELL  
Financial Legal Examiner